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# GIANT YELLOWKNIFE MINES LIMITED

## REVIEW IN BRIEF

	1968	1967
Tons ore milled — total .....	374,717	331,922
Grade of mill feed .....	0.63	0.67
Ounces gold recovered .....	210,358	196,979
Gross value of production .....	\$8,810,000	\$7,269,000
Operating income before write-offs .....	3,017,000	2,214,000
Exploration expenditures .....	233,000	568,000
Income taxes .....	720,000	300,000
Net income .....	1,990,000	1,426,000
Earnings per share .....	0.46	0.33
Dividends paid per share .....	0.40	0.40
Capital expenditures .....	498,403	261,000
Working capital at end of year	6,432,000	6,059,000
Average price received per oz. of gold .....	41.60	37.99



Stope drilling.



Slushing broken ore to mill hole.



Pouring tailings backfill.



# GIANT YELLOWKNIFE MINES LIMITED

Head Office: 7 King Street East, Toronto 1, Ontario

Mine Office: Yellowknife, N.W.T.

## OFFICERS

\*\*President and Managing Director D. R. DeLAPORTE  
\*\*Vice-President - - - - G. P. MITCHELL  
Secretary - - - - A. C. CALLOW  
Treasurer - - - - J. T. McWHIRTER  
Controller - - - - J. D. KRANE

## DIRECTORS

A. J. ANDERSON D. R. DeLAPORTE  
C. R. ARCHIBALD, Q.C. E. L. HEALY  
B. S. W. BUFFAM W. F. JAMES  
\*A. C. CALLOW G. P. MITCHELL  
J. DOUGLAS STREIT

\*Appointed February 20, 1969

\*\*Effective February 20, 1969

## CONSULTANTS

F. R. ARCHIBALD - - - - Metallurgical  
J. M. MORTIMER - - - - Metallurgical

## TRANSFER AGENTS AND REGISTRARS

THE STERLING TRUSTS CORPORATION  
372 Bay Street, Toronto, Ontario  
REGISTRAR AND TRANSFER COMPANY  
140 Cedar Street, New York 7, N.Y.

## BANKERS

CANADIAN IMPERIAL BANK OF COMMERCE  
Toronto, Ontario

## AUDITORS

THORNE, GUNN, HELLIWELL & CHRISTENSON  
Toronto, Ontario

## SOLICITORS

STRATHY, ARCHIBALD, SEAGRAM & COLE  
Toronto, Ontario

## ANNUAL MEETING OF SHAREHOLDERS

Friday, April 25, 1969 at 10.30 a.m. (E.S.T.)  
Royal Room, King Edward Sheraton Hotel,  
Toronto, Canada.



## REPORT OF THE DIRECTORS:

To the Shareholders:

The following report covers activities of your company during 1968, with operating results presented on a consolidated basis with those of Lolor Mines Limited and Supercrest Mines Limited both of which are subsidiaries of your company and the overall operations are integrated.

Your company sells its gold on the free market and the improved price of gold on this market during the year contributed to the increased earnings of the company. Earnings in the future will also be affected by any fluctuation in the market price for gold.

Lolor Mines Limited and Supercrest Mines Limited are both eligible for assistance under the Emergency Gold Mining Assistance Act as a result of their higher production costs; their production, therefore, is sold to the Royal Canadian Mint.

### OPERATIONS SUMMARY

	<u>1968</u>	<u>1967</u>
Total tons milled .....	374,717	331,922
Average tons per day .....	1,027	909
Calculated mill heads oz. gold per ton .....	0.63	0.67
Recovery, per cent .....	88.48	88.64
Total Recovery		
Gold, ounces .....	210,358	196,979
Silver, ounces .....	24,627	23,102
Operating cost per ton before write-offs .....	\$16.08	\$15.60
Gross value of production .....	\$8,810,035	\$7,269,837

	<u>Giant</u>	<u>Lolor</u>	<u>Supercrest</u>	<u>Total</u>
Tons milled .....	327,206	18,768	28,743	374,717
Gold, ounces recovered .....	181,980	10,170	18,208	210,358

## FINANCIAL SUMMARY

	1968	1967
Operating income before write offs .....	\$3,017,000	\$2,214,000
Income taxes .....	720,000	300,000
Net income .....	1,990,000	1,426,000
Earnings per share .....	0.46	0.33
Dividends paid per share .....	0.40	0.40

## ORE POSITION

Some material below ore reserve grade and not shown in ore reserves was milled in 1968. This material was mined for various technical reasons and was processed to recover its gold content at a profit. This production was partially responsible for the reduction in the calculated mill heads from the level of 1967.

Reserves of developed ore at the year-end were estimated as follows, including dilution allowance:

	1968		1967	
	Tons	Oz. Gold per ton	Tons	Oz. Gold per ton
Giant Mine				
Active stopes .....	869,450	0.74	842,500	0.71
Pillars .....	54,500	0.73	67,100	0.82
Other developed ore .....	351,500	0.69	718,900	0.69
	<u>1,275,450</u>	<u>0.73</u>	<u>1,628,500</u>	<u>0.71</u>
Lolor Mine				
Active stopes .....	209,900	0.72	68,200	0.80
Other developed ore .....	121,500	0.69	249,300	0.64
	<u>331,400</u>	<u>0.71</u>	<u>317,500</u>	<u>0.67</u>
Supercrest Mine				
Active stopes .....	59,600	0.79	57,300	0.68
Pillars .....	7,200	0.70	8,300	0.75
Other developed ore .....	14,600	0.65	33,700	0.59
	<u>81,400</u>	<u>0.76</u>	<u>99,300</u>	<u>0.65</u>
Total developed ore .....	<u>1,688,250</u>	<u>0.725</u>	<u>2,045,300</u>	<u>0.699</u>

Exploration efforts did not produce any large tonnage of new ore. Reserves of developed ore declined during the year but there was an increase of reserve grade.



## OPERATING COSTS

Overall operating costs increased during the year, and labour supply continued to be critical. There was a slight improvement in productivity and the total supply of labour improved during the year; however, the shortage of experienced men, particularly stope miners, continued to affect operations adversely. In addition, material and labour costs were higher.

A new two-year Collective Agreement was signed, effective October 1, 1968. It increased wage rates 7 per cent for one year with further increases of 3 per cent on October 1, 1969 and 2 per cent on April 1, 1970.

In view of the increased labour cost, generally higher material costs, and increased mining costs, overall operating costs can be expected to rise in 1969.

To help stabilize the labour force, the company constructed two new bunkhouses for single status employees and 12 new units for married employees. It is planned to replace five substandard family residence units during 1969.

## CAPITAL EXPENDITURES

Expenditures on construction and replacement of fixed assets amounted to some \$500,000 in 1968. The major items were:

Bunkhouses, houses and lots .....	\$ 340,000
Mine Air Heating Plant .....	\$ 62,000
Equipment for Mine and Treatment Plants .....	\$ 102,000

In 1969 the company expects to spend approximately \$500,000 as its share of a new water supply system for the Yellowknife area, the camp and the plant.

## UNDERGROUND OPERATIONS

### Giant Mine

During the year production came from many widely scattered locations. Overall production grade was lower than in 1967 due to a combination of factors, the major one being an increase in the number of small stopes with a consequent higher percent dilution. Diamond drilling activity was at a normal level, but no significant amount of new ore was located.

### **Lolor Mine**

The Lolor Mine completed its first full year of production and produced 18,768 tons, almost entirely from the 7-42 stoping area. A new stope (7-42 F.W.) was started in December 1968 and should contribute a good tonnage in future years. Forecasts indicate that a net profit can be expected from 1969 operations.

### **Supercrest Mine**

The Supercrest property also completed its first full year of operation and produced 28,743 tons of ore mainly from four stopes on the 750 level. A heavy program of drifting, raising and drilling continued throughout the year. The 1100 level of the Giant mine will be extended into Supercrest ground to allow development of the ore indicated by diamond drilling below the 750 level. Because of continuing heavy expenditures for development and diamond drilling, a net profit is not expected in 1969.

## **OUTSIDE EXPLORATION**

### **Northbelt Yellowknife Mines Limited**

A 5,563 foot program of diamond drilling was carried out during the year and detailed mapping of a large part of the P.A. claim group was completed. Expenditures in 1968 amounted to \$66,937, bringing the total to date to \$154,464. Your company now has a 45.8% interest in the issued capital of Northbelt, where further work is planned in 1969.

### **Other Areas**

Limited ground geophysical work and an airborne electromagnetic survey were carried out on a claim block in the Coppermine area staked in 1967. Several anomalies were obtained and further work is planned for 1969.

An airborne scintillometer survey led to the staking of five groups of claims 150 miles northwest of Yellowknife. Geological work was completed on these five groups. Further work will be done on one block in 1969.

Late in 1968 one claim block was staked and one block optioned in the Hanbury River area 250 miles east of Yellowknife. A work program is planned for this area in 1969.



No work was done on the Pine Point claims or on the claims in the Van Gorda area of the Yukon Territory.

Prospecting, geological mapping, examinations and office studies were carried out on several other areas of the Northwest Territories. Two claim blocks were optioned. Further work on one block yielded no encouragement and the option was dropped.

## IN TRIBUTE

The sudden passing of our President, Dr. Horace J. Fraser on February 2, 1969 is recorded by your Directors with very deep regret. Dr. Fraser had made his valuable experience and counsel available to Giant Yellowknife since his election as a director in 1961, and had followed the operations of the company very closely.

## GENERAL

On February 20, 1969, Mr. D. R. DeLaPorte was elected President of your company and continues as its Managing Director. Mr. G. P. Mitchell was elected Vice-President and Mr. A. C. Callow was appointed to the Board on the same date.

## ACKNOWLEDGEMENTS

The Directors wish to express their appreciation for the efficient service rendered during the year by Mr. W. A. Case, Mine Manager and Mr. D. J. Emery, General Superintendent, and their staff.

On behalf of the Board,

Toronto, Ontario,  
February 20, 1969.

D. R. DeLAPORTE,  
President and Managing Director.



# GIANT YELLOWKNIFE MINES LIMITED

(Incorporated under the laws of Ontario)  
and its subsidiary companies

## CONSOLIDATED

### ASSETS

	1968	1967
<b>CURRENT ASSETS</b>		
Cash .....	\$ 354,207	\$ 524,244
Bullion at net realizable value .....	1,007,384	958,131
Short term securities at cost which approximates market value .....	5,589,584	4,853,515
Accounts and accrued interest receivable .....	110,267	137,293
Emergency gold mining assistance receivable .....	321,000	
Income tax refund claim .....		37,633
	<u>7,382,442</u>	<u>6,510,816</u>
<b>FIXED ASSETS</b>		
Buildings, machinery and equipment at cost .....	14,504,618	14,033,866
Less accumulated depreciation .....	13,071,777	12,712,955
	<u>1,432,841</u>	<u>1,320,911</u>
Mining claims and properties at cost .....	2,094,587	2,039,207
	<u>3,527,428</u>	<u>3,360,118</u>
<b>OTHER ASSETS</b>		
Supplies at average cost .....	774,085	974,774
Prepaid expenses and deposits .....	167,932	80,710
Shares in and advances to other mining companies at cost .....	301,195	299,194
Special refundable tax .....	35,775	143,100
Mine development expenditures of subsidiary companies, less amortization .....	128,717	189,499
Other deferred charges .....	78,363	44,367
	<u>1,486,067</u>	<u>1,731,644</u>
	<u>\$12,395,937</u>	<u>\$11,602,578</u>

## AUDITORS' REPORT

To the Shareholders of  
GIANT YELLOWKNIFE MINES LIMITED

We have examined the consolidated balance sheet of Giant Yellowknife Mines Limited and its subsidiary companies as at December 31, 1968 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1968 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,  
February 7, 1969.

THORNE, GUNN, HELLIWELL & CHRISTENSON,  
Chartered Accountants.



# BALANCE SHEET — DECEMBER 31, 1968

(with comparative figures at December 31, 1967)

LIABILITIES		1968	1967
CURRENT LIABILITIES			
Accounts payable and accrued liabilities .....	\$	515,723	\$ 418,968
Income taxes payable .....		358,001	
Government royalties payable .....		76,885	32,830
		<u>950,609</u>	<u>451,798</u>
MINORITY INTEREST			
Interest of minority shareholders in subsidiary companies .....		<u>508,305</u>	<u>482,755</u>
SHAREHOLDERS' EQUITY			
Capital stock			
Authorized — 4,500,000 shares without par value			
Issued — 4,303,050 shares .....		5,700,000	5,700,000
Contributed surplus .....		2,637,276	2,637,276
Retained earnings .....		2,599,747	2,330,749
		<u>10,937,023</u>	<u>10,668,025</u>
Approved by the Board:			
D. R. DeLAPORTE, Director.			
G. P. MITCHELL, Director.			
		<u>\$12,395,937</u>	<u>\$11,602,578</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 1968

- BASIS OF CONSOLIDATION**  
The consolidated financial statements include the accounts of Lolor Mines Limited, in which 87½% of the common shares are held, and Supercrest Mines Limited, in which 50% (332,506 shares) of the 665,010 common shares are held. The 1967 comparative figures in the consolidated statement of income include the operations of Lolor Mines Limited and Supercrest Mines Limited for the period from commencement of production in reasonable commercial quantities on October 1, 1967 to December 31, 1967.
- INCOME TAXES**  
Deductions for income tax purposes for depreciation and other expenses exceed the amounts charged to income in the accounts. As a result, income taxes for 1968 have been reduced by \$140,000 (1967, \$65,000). At December 31, 1968 depreciation and other expenses yet to be deducted for tax purposes by Giant Yellowknife Mines Limited exceed by \$330,000 the net book value of the related assets. In addition, substantial deductions may be claimed for tax purposes in future years by the subsidiary company, Supercrest Mines Limited, in respect of exploration expenditures written off prior to acquisition.
- REMUNERATION OF DIRECTORS AND SENIOR OFFICERS**  
Direct remuneration of directors and senior officers, as defined by The Ontario Corporations Act, amounted to \$98,184 for 1968 and \$84,948 for 1967.

# GIANT YELLOWKNIFE MINES LIMITED

(Incorporated under the laws of Ontario)  
and its subsidiary companies (note 1)

## CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Year ended December 31, 1968

(with comparative figures for 1967)

	1968	1967
Balance at beginning of year .....	\$2,330,749	\$2,625,365
Net income for the year .....	1,990,166	1,426,551
	4,320,915	4,051,916
Deduct dividends paid — 40¢ per share .....	1,721,168	1,721,167
Balance at end of year .....	<u>\$2,599,747</u>	<u>\$2,330,749</u>

## CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended December 31, 1968

(with comparative figures for 1967)

	1968	1967
Source of funds:		
From operations		
Net income for the year .....	\$1,990,166	\$1,426,551
Depreciation and amortization .....	406,460	317,127
Minority interest in net income (losses) of subsidiary companies .....	25,550	(34,043)
	2,422,176	1,709,635
Special refundable tax .....	107,325	
Other sources (net) .....	115,470	78,895
	<u>2,644,971</u>	<u>1,788,530</u>
Application of funds:		
Dividends paid .....	1,721,168	1,721,167
Additions to fixed assets, less disposals .....	550,988	260,706
Special refundable tax .....		15,900
	<u>2,272,156</u>	<u>1,997,773</u>
Increase (decrease) in working capital .....	<u>\$ 372,815</u>	<u>\$ (209,243)</u>



# CONSOLIDATED STATEMENT OF INCOME

Year ended December 31, 1968  
(with comparative figures for 1967)

	1968	1967
<b>REVENUE:</b>		
Gold and silver production .....	\$8,810,035	\$7,269,837
Deduct marketing expenses .....	70,855	64,963
	<u>8,739,180</u>	<u>7,204,874</u>
Emergency gold mining assistance .....	283,000	
	<u>9,022,180</u>	<u>7,204,874</u>
<b>EXPENSES:</b>		
Operating expenses .....	5,691,025	4,733,969
Government of Canada royalty .....	75,000	33,000
Administrative and corporate expenses .....	239,154	223,895
Depreciation and amortization of mine development expenditures .....	406,460	317,127
	<u>6,411,639</u>	<u>5,307,991</u>
Operating income .....	<u>2,610,541</u>	<u>1,896,883</u>
Deduct exploration expenditures		
Contiguous Yellowknife properties .....	66,937	371,303
Other areas .....	166,603	196,921
	<u>233,540</u>	<u>568,224</u>
	<u>2,377,001</u>	<u>1,328,659</u>
Interest earned .....	358,715	363,849
	<u>2,735,716</u>	<u>1,692,508</u>
Income taxes (note 2) .....	720,000	300,000
	<u>2,015,716</u>	<u>1,392,508</u>
Minority interest in net income (losses) of subsidiary companies (note 1) .....	25,550	(34,043)
Net income for the year .....	<u>\$1,990,166</u>	<u>\$1,426,551</u>

COMPARATIVE STATEMENT

Fiscal Year Ended May 31	Tons Milled	Calculated Mill Heads Per Ton	Estimated E.G.M. Assistance	Net Value of Metals Recovered	Average Price Per Ounce of Gold	Operating Cost Before Write-offs	Operating Cost Per Ton
1949	84,886	0.815	\$ 511,020	\$ 1,962,340	\$ 35.00	\$ 1,467,133	\$ 17.28
1950	126,214	0.708	354,326	2,986,457	37.46	1,826,453	14.47
1951	151,814	0.842	267,874	4,158,038	37.35	1,997,073	13.15
June 30							
1952	165,846	0.755	615,000	3,854,137	35.79	2,658,570	16.03
1953	245,559	0.846	680,000	6,012,389	34.20	3,561,546	14.51
1954	275,985	0.785	965,000	6,045,327	34.26	3,704,451	13.42
1955	286,742	0.761	700,000	5,876,857	34.16	3,912,978	13.65
1956	297,582	0.765	120,000	6,235,926	34.76	4,284,385	14.40
1957	309,673	0.795	105,000	6,396,699	33.75	4,234,517	13.67
1958	289,220	0.795	340,000	5,331,448	33.85	3,872,120	13.39
1959	321,002	0.784	280,000	6,397,770	33.81	4,048,047	12.61
June 29							
1960	361,601	0.784	13,687	7,649,230	33.50	4,338,972	12.00
Dec. 31							
1960	181,101	0.795	-----	4,080,679	34.63	2,529,960	13.96
1961	366,515	0.779	-----	8,507,473	35.73	4,755,387	12.97
1962	375,820	0.763	-----	9,445,300	37.56	4,743,728	12.62
1963	388,190	0.713	-----	9,254,173	37.76	4,758,936	12.26
1964	400,606	0.745	-----	10,120,070	37.62	4,789,045	11.95
1965	395,001	0.722	-----	9,565,401	37.68	5,087,109	12.88
1966	384,271	0.652	-----	8,517,823	37.99	5,191,314	13.51
Consolidated							
1967	319,876	0.670	-----	7,204,874	37.99	4,990,864	15.60
1968	374,717	0.634	283,000	8,739,180	41.60	6,005,179	16.03
	<u>6,102,221</u>	<u>0.745</u>	<u>\$5,234,907</u>	<u>\$138,341,591</u>	<u>\$ 36.20</u>	<u>\$82,757,767</u>	<u>\$ 13.56</u>



# PRODUCTION AND EARNINGS

Operating Profit Before Write-offs	Operating Profit Per Ton	Write-offs and Outside Exploration	Non-Operating Income	Income Tax	Minority Interest	Net Profit	Dividends Declared
1,006,227	\$ 11.85	\$ 845,465	\$ 6,790	\$ -----	\$ -----	\$ 167,552	\$ -----
1,514,330	12.00	1,018,886	5,237	-----	-----	500,681	-----
2,428,839	16.00	1,229,283	6,334	-----	-----	1,205,890	-----
1,810,567	10.92	1,631,556	7,981	-----	-----	186,992	-----
3,130,843	12.75	1,632,533	4,906	-----	-----	1,503,216	800,000
3,305,876	11.98	1,808,594	22,793	12,000	-----	1,508,075	1,600,000
2,663,879	9.29	1,690,938	14,728	4,000	-----	983,669	1,400,000
2,071,541	6.96	1,305,198	71,219	-----	-----	837,562	1,200,000
2,267,182	7.32	1,304,011	51,901	4,000	-----	1,011,072	600,000
1,799,328	6.22	1,070,897	59,919	4,000	-----	784,350	1,200,000
2,629,723	8.19	1,043,148	51,060	85,000	-----	1,552,635	1,200,000
3,323,945	9.19	1,183,330	103,858	490,000	-----	1,754,473	1,800,000
1,550,719	8.56	799,281	86,158	-----	-----	837,596	860,541
3,752,086	10.24	1,519,007	160,058	-----	-----	2,393,137	1,936,290
4,701,572	12.51	967,313	245,321	(30,477)	-----	4,010,057	3,012,027
4,495,237	11.58	815,261	308,635	-----	-----	3,988,611	4,302,903
5,331,025	13.31	789,125	332,850	-----	-----	4,874,749	4,302,910
4,478,292	11.34	736,696	449,827	580,000	-----	3,611,423	4,302,917
3,326,509	9.55	915,220	308,537	620,000	-----	2,099,825	2,581,752
2,214,010	6.92	885,351	363,849	300,000	(34,043)	1,426,551	1,721,167
3,017,001	8.05	823,743	358,715	720,000	25,550	1,990,166	1,721,168
3,818,731	<u>\$ 9.97</u>	<u>\$24,014,836</u>	<u>\$3,020,676</u>	<u>\$2,788,523</u>	<u>\$ ( 8,493)</u>	<u>\$37,228,282</u>	<u>\$34,541,675</u>

## MINE OPERATING OFFICIALS

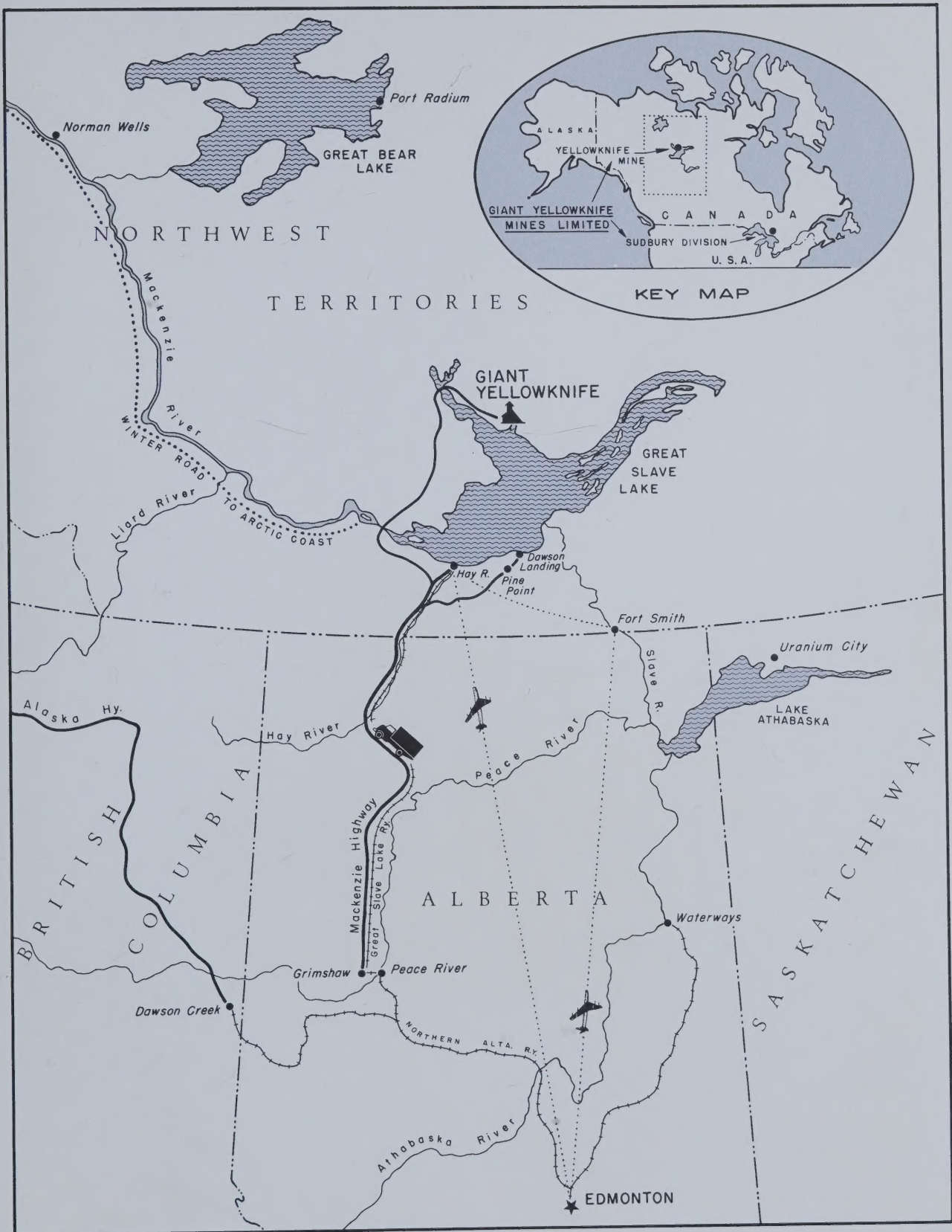
W. A. CASE	-	-	-	-	-	-	-	Mine Manager
D. J. EMERY	-	-	-	-	-	-	-	General Superintendent
G. H. ESLEY	-	-	-	-	-	-	-	Mine Superintendent
R. J. McLEOD	-	-	-	-	-	-	-	Mill Superintendent
R. W. SPENCE	-	-	-	-	-	-	-	Exploration Superintendent
M. J. LYE	-	-	-	-	-	-	-	Chief Engineer
B. F. WATSON	-	-	-	-	-	-	-	Mine Geologist
C. M. WILKINSON	-	-	-	-	-	-	-	Electrical Superintendent
J. BOYD	-	-	-	-	-	-	-	Mechanical Superintendent
H. S. CARTER	-	-	-	-	-	-	-	Construction Foreman
G. K. POLK	-	-	-	-	-	-	-	Project Geologist
J. W. McKAY	-	-	-	-	-	-	-	Purchasing Agent
A. T. RIVETT	-	-	-	-	-	-	-	Personnel Supervisor
L. F. G. BORDEN	-	-	-	-	-	-	-	Mine Accountant

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Atomic absorption spectrophotometer used in Giant laboratory for determining various elements including gold and silver in products.





GIANT YELLOWKNIFE MINES LIMITED  
LOCATION OF YELLOWKNIFE MINE

SCALE 0 100 200 300 400 MILES







